

**Vision Insurance Benefit Program**  
**Recommendation for Award of Contract**  
**September 28, 2015**

**Background**

- May 26, 2015 – Release of Request for Proposals (RFP) seeking to continue an employee-pay-all vision insurance program to approximately 55,000 active employees, pensioners, and their dependents. Alternative plan designs were requested and interested vendors were required to demonstrate their ability to provide a robust plan design for a reasonable cost along with proven excellent plan administration and customer service.
- July 7, 2015 – The Statewide Benefits Office (SBO) received bid responses from five vendors: EyeMed, MetLife, NVA (National Vision Administrators LLC), VSP (Vision Service Plan Insurance Company) and Highmark Delaware. All vendors confirmed acceptance of all minimum requirements contained within the RFP.
- August 3, 2015 – Based on analysis conducted by the SBO with assistance from Segal Consulting and no objection from the Proposal Review Committee (PRC), all five vendors were selected as finalists. All the vendors had competitive bids relative to one another – pricing, network, benefit structure or plan design and the ability to provide excellent customer and account management services.
- September 1, 2015 – Finalist interviews were conducted.
  - The vendors were given the opportunity to distinguish themselves from their competitors in the areas of benefit design, strength of network (optometrists and ophthalmologists along with retail locations), and customer service capabilities along with account management services.
  - Question and answer sessions followed each interview with strong participation by all members of the PRC which served to supplement the understanding of each vendor's ability to meet the State of Delaware program requirements.
  - The discussion by the PRC following the interviews centered on:
    - Benefit Design – Coverage levels compared to premium rates
    - Strength of Network – Optometrists, ophthalmologists, and retail locations
    - Customer Service – On-line and call center services for members along with claims processing services
    - Account Management – Demonstrated ability to provide responsive plan administration services

- September 17, 2015 – The PRC met to discuss the bids and presentations, score, and subsequently vote for a recommendation to the SEBC. The PRC determined that, primarily:
  - The coverage levels of alternative plan designs with varied premium levels and out-of-pocket cost burdens did not warrant a change to the current benefit plan.
  - Highmark Delaware’s and NVA’s slightly lower rates and overall out-of-pocket costs did not offset their shallow network which would create an unacceptable level of disruption.
  - MetLife’s higher rates and overall out-of-pocket costs, along with a weak network, were not as competitive as the other proposals.
  - The differences between VSP’s overall proposal to the incumbent’s was not significant enough to warrant a change of vendors.
  - For the current plan design with EyeMed, there would be a 4% minimal disruption (1,106 of 26,638 total claims) between the current network, Access, and their proposed and recommended network, Insight, for only a 2.5% increase in the premiums as opposed to a 16.8% increase to remain with the Access network.
- The PRC recommends that the contract for the employee-pay-all vision insurance benefit be awarded to EyeMed utilizing the Insight Network for the following reasons:
  - As the incumbent, EyeMed and has provided excellent program administration services to the Statewide Benefits Office, customer service to members, overall value, and network access. Since the change of vendors from VSP to EyeMed five years ago, enrollment has more than doubled.
  - By switching to a network with a slightly lower network access of 4%, the proposed rates for the current benefit level increased only 2.5%, or less than fifty cents per tier, as follows:

	FY16/Current Rates	Proposed FY17 Rates	Increase
Subscriber	\$ 6.30	\$ 6.45	\$0.15
Subscriber + Spouse	\$ 9.94	\$10.19	\$0.25
Subscriber + Child(ren)	\$10.14	\$10.40	\$0.26
Family	\$16.36	\$16.77	\$0.41

- The top 20 providers and retail locations are in-network. Additionally, EyeMed will make every effort to recruit the out-of-network providers and retail locations in order to lessen the disruption even further.
- EyeMed recommends that the State switch to a plan year benefit cycle instead of a rolling 12-month cycle. Therefore, members may use their benefit at the allowed interval as

needed within the plan year. For example, if a member uses their benefit for frames and lenses in June, the member may use the same benefit in August instead of waiting twelve months to the following June.

- EyeMed’s proposed rates did not increase in order to include the current benefit for vision therapy services and an additional eye exam per benefit year for diabetics. In conjunction with the DelaWell program, disease management for diabetic vision wellness is an important benefit.
- EyeMed proposed a four year rate guarantee (July 1, 2016 – June 30, 2020) with a rate cap of 9% for optional year five (July 1, 2020 – June 30, 2021). A nine percent increase for the Subscriber tier, for example, would be no more than \$0.58 and for the Family tier, no more than \$1.51.

### **Recommendation**

RESOLVED that with respect to the award of a contract pursuant to the Request for Proposal for the State of Delaware’s Vision Insurance Benefit Program, the Proposal Review Committee recommends to the State Employee Benefits Committee as follows:

- Contract award for the voluntary Vision Insurance Benefit to EyeMed for an initial term of three years beginning July 1, 2016 and two one-year optional renewal years with the following features:
  - Maintain the current plan design at the same benefit level.
  - Continue the vision therapy coverage with the current level of additional benefits for diabetics.
  - Change the network from EyeMed Access to EyeMed Insight for a lower rate increase with minimal disruption.
  - Implement a plan year versus “calendar year” benefit cycle to coincide with the State of Delaware’s fiscal year.
  - Rates shall be guaranteed for three years along with an optional fourth year. A rate cap of 9% will be in effect for the fifth and final optional year.
  - Such award shall be subject to negotiation of the performance guarantees, a finalized contract, and be contingent upon fulfillment of the Technology Terms and Conditions as required by DTI within ten business days of this award.